

## Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 L-03 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /065 W

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R 271355Z AUG 75

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 4303

UNCLAS SECTION 1 OF 2 NOUAKCHOTT 1735

E.O. 11652: N/A

TAGS: BFOL MR US

SUBJECT: AMC/JEEP TRADE OPPORTUNITY/FOLLOW-UP

REF: A. NOUAKCHOTT 115 B. STATE 14158

SUMMARY: EMBASSY BELIEVES NOW IS TIME FOR AMERICAN MANUFACTURER OF 4-WHEEL DRIVE VEHICLE TO MAKE CONCERTED SALES EFFORT IN MAURITANIA. AMC/JEEP HAS AGENT IN NOUAKCHOTT BUT COMPANY HAS NOT YET TAKEN ADEQUATE MEASURES TO INSURE SIGNIFICANT NUMBER OF SALES. REQUEST STATE OR COMMERCE DISCUSS SITUATION IN DEPTH WITH AMC/JEEP AND ENCOURAGE PROMPT AND VIGOROUS EXPORT ACTION. END SUMMARY.

1. EMBASSY BELIEVES MAURITANIAN MARKET IS RIPE FOR CONCERTED EFFORT BY AMERICAN MANUFACTURER OF 4-WHEEL DRIVE VEHICLE TO ESTABLISH ITSELF HERE. UP TO PRESENT TIME, LANDROVER HAS HAD CORNER ON 4-WHEEL DRIVE MARKET. FOR PAST YEAR, HOWEVER, THERE HAS BEEN MINIMUM ONE-YEAR WAIT AFTER PLACING ORDER WITH LANDROVER UNTIL DELIVERY COULD BE MADE THERE IS NO INDICATION THIS SITUATION WILL IMPROVE IN NEAR FUTURE. CONSEQUENTLY POTENTIAL BUYERS ARE LOOKING TO OTHER SOURCES OF SUPPLY FOR 4-WHEEL DRIVE VEHICLES.

2. BRAZILIAN COMPANY WHICH IS BUILDING ROAD BETWEEN  
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NOUAKCHOTT AND KIFFA HAS RECENTLY IMPORTED SEVERAL

AMC JEEPS. A FEW JAPANESE 4-WHEEL DRIVE VEHICLES ARE ENTERING MARKET. LOCAL COMPANY, LA COMBE, EXPECTS TO ADD TOYOTA TO ITS LINE OF PRODUCTS BEGINNING IN SEPTEMBER. IT IS STILL FAR FROM CERTAIN, HOWEVER, THAT TOYOTA INTENDS TO MAKE A MAJOR PUSH IN MAURITANIA. ALTHOUGH MAURITANIAN MARKET FOR 4-WHEEL-DRIVE VEHICLES IS NOT LARGE, IT IS, DUE TO DELIVERY PROBLEMS FACED BY LANDROVER, WIDZ OPEN AT PRESENT MOMENT. APPROXIMATELY 10-12 NEW 4-WHEELHCRIVE VEHICLES, ALMOST ALL LANDROVER, ARE REGISTERED EACH MONTH IN MAURITANIA. OF SEVEN VEHICLES OWNED BY AMERICAN MISSION, SIX ARE FOREIGN MADE AND 4 ARE LANDROVER. WE WOULD LIKE NOTHING BETTER THAN TO SWITCH TO AMERICAN VEHICLE IF WE COULD BE ASSURED OF PARTS AND SERVICING. AID IS FREQUENTLY LOOKING FOR 4-WHEEL DRIVE VEHICLE FOR PROJECT SUPPORT. IF AMERICAN PRODUCT WERE ESTABLISHED IN MAURITANIA, WE WOULD BUY IT RATHER THAN LANDROVER. PEACE CORPS IS ALSO TRYING, SO FAR UNSUCCESSFULLY, TO PURCHASE A LANDROVER TYPEBUTWOULD BE DELIGHTED TO BUY AN AMERICAN VEHICLE IF PARTS AND SERVICE WERE AVAILABLE.

3. SUBSEQUENT TO REFTELS, LOCAL AMC/JEEP AGENT, MOHAMED EL HAIBA HAMODY (HE ALSO SERVES AS MACK TRUCK AGENT), HAS TRIED TO ESTABLISH JEEP SALES HERE. HE CLAIMS THAT HE HAS SPENT SOMETHING ON ORDER OF \$200,000 TO BUILD GARAGE FACILITY TO HOUSE HIS AMERICAN VEHICLE AGENCIES. HE SAYS HE HAS ATTEMPTED WITHOUT SUCCESS, TO GET JEEP TO TELL HIM WHAT HE NEEDS IN WAY OF SPARES REQUIRED IN AN AGENCY INVENTORY BASED ON PAST EXPERIENCE OF WHAT PARTS WEAR OUT MOST FREQUENTLY. INSTEAD OF CLEAR CUT RESPONSE AND LIST, HE RECEIVED FROM JEEP SERIES OF QUESTIONS. ALTHOUGH THIS MAY HAVE BEEN AN UNDERSTANDABLE REQUEST FROM STANDPOINT OF AMERICAN UNFAMILIAR WITH MAURITANIA, IT WAS NOT PARTICULARLY HELPFUL TO HAMODY, WHO HAS CERTAIN AMOUNT OF INTEREST, CAPITAL, AND KNOWLEDGE OF AMERICAN PRODUCTS, BUT ABSOLUTELY NO KNOWLEDGE OF VEHICLES OR MAINTENANCE AND ONLY AN EMBRYONIC KNOWLEDGE AT BEST OF HOW TO RUN VEHICLE BUSINESS.

4. HAMODY HAS ORDERED 2 WAGONEERS, 4-WHEEL DRIVE, FOR GENDARMERIE NATIONALE FOR USE IN ESCORTING PRESIDENT  
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OULD DADDAH. HE HAS UNTIL END OF SEPTEMBER TO PRODUCE THE VEHICLES. THEN HE IS FACED WITH VERY STEEP PENALTY CLAUSE. CONTRACT WAS CONCLUDED IN EARLY JUNE, ON BASIS OF OLD SET OF PRO-FORMAS, BUT WITH UNDERSTANDING THAT THERE HAD BEEN PRICE INCREASE OF ROUGHLY 15 PERCENT. IN LATE JUNE OR EARLY JULY, HAMODY WROTE TO AMC REQUESTING NEW PRO FORMAS. HE REPORTS HE HAS NOT YET RECEIVED REPLY. MEANTIME, CENTRAL BANK AGREED TO

GIVE HIM FOREIGN EXCHANGE LICENSE ON BASIS OF OLD  
PRO FORMAS ALTHOUGH HE HAD TO DEPOSIT EXTRA AMOUNT TO  
COVER INCREASE AS WELL AS 15 PERCENT OF FACE  
VALUE TO COVER PAYMENT OF CUSTOMS DUTIES. HE WAS  
SUBSEQUENTLY TOLD THAT CENTRAL BANK HAD DECIDED  
ORIGINAL ARRANGEMENT WAS INADEQUATE AND  
FOREIGN EXCHANGE ALLOCATION WAS SUSPENDED UNTIL HE  
CAME UP WITH ADDITIONAL SUM FOR GUARANTEE. HAMODY  
REALIZES NOW HE IS GOING TO LOSE HIS SHIRT ON TWO  
JEEPS FOR PRESIDENT'S GUARD, BUT HE IS WILLING TO TAKE  
LOSS IN VIEW OF EXTENSIVE FREE PUBLICITY HE WILL RECEIVE FOR JEEP  
VEHICLES. IF HE IS NOT ABLE TO ARRANGE PURCHASE OF TWO WAGONEERS  
WITH US COMPANY BEFORE DEADLINE, HE INTENDS TO PURCHASE THEM  
FROM ANOTHER OVERSEAS DEALER.

5. ALTHOUGH HAMODY'S PROBLEMS ARE PARTIALLY OF HIS  
OWN DOING, THE MARKET SITUATION HERE IS SUCH THAT

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FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /065 W

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R 271355Z AUG 75

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 4304

UNCLAS SECTION 2 OF 2 NOUAKCHOTT 1735

EMBASSY BELIEVES HE SHOULD BE GIVEN ALL POSSIBLE HELP  
BY AMC. PROMPT AND VIGOROUS ACTION NOW BY AMC WILL ENABLE IT TO  
WIN SUBSTANTIAL PORTION OF MAURITANIAN MARKET. LOCAL AGENTS  
FOR FOREIGN COMPETITORS HAVE RECOGNIZED COMPETITIVE THREAT OF US  
PRODUCTS AND HAVE BEEN ENCOURAGING HAMODY TO DROP HIS AMERICAN  
LINES AND JOIN UP WITH THEM. MERCEDES AGENT, FOR EXAMPLE,  
OFFERED TO SELL HIM 25 PERCENT OF MERCEDES AGENCY IF  
HE WOULD TAKE HIS TWO AMERICAN FRANCHISES AND SIT ON  
THEM. HAMODY ASSERTS THAT OTHER DEALERS, FOLLOWING

REDUCTION OF SPECIAL TARIFF ON AMERICAN VEHICLES (NOUAKCHOTT 1236 AND 1424), ARE NOW WORRIED BECAUSE THEY KNOW AMERICAN EQUIPMENT IS BETTER THAN EUROPEAN EQUIPMENT FOR HARSH CONDITIONS OF MAURITANIA. HAMODY ALSO ATTRIBUTES HIS RECENT DIFFICULTIES WITH CENTRAL BANK TO THIS SAME CAUSE: OTHER DEALERS CONVINCED CENTRAL BANK STAFF TO IMPOSE ONEROUS CONDITIONS ON HIM IN ORDER TO PREVENT HIM FROM CONSUMATING SALE OF TWO JEEPS TO GENDARMERIE NATIONALE.

6. ACTION REQUESTED: EMBASSY REQUESTS THAT STATE OR COMMERCE DISCUSS THIS SITUATION IN DEPTH WITH AMC/JEEP, EMPHASIZING THAT IF COMPANY WANTS TO MAKE STAND IN MAURITANIA, NOW IS TIME TO DO IT, PARTICULARLY BEFORE TOYOTA DECIDES TO UNDERTAKE MAJOR EFFORT. IT IS ALSO EQUALLY IMPORTANT THAT SALE OF TWO JEEPS TO GENDARMERIE NATIONALE PROCEED ON SCHEDULE. FINALLY, IT IS ABSOLUTELY ESSENTIAL THAT LOCAL AGENT BE GIVEN EVERY UNCLASSIFIED

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ENCOURAGEMENT TO ESTABLISH PARTS AND REPAIR FACILITY IN NOUAKCHOTT. WITHOUT THIS, NO JEEP WILL BE SOLD ONCE INITIAL BATCH BREAKS DOWN AND IT IS IMPOSSIBLE TO OBTAIN ROUTINE MAINTENANCE AND REPAIRS. US MISSION IS WILLING TO ASSIST IN EVERY WAY POSSIBLE ESTABLISHMENT OF EFFECTIVE JEEP (OR OTHER AMERICAN 4-WHEEL DRIVE VEHICLE) PRESENCE IN MAURITANIA. (FYI. THERE IS NO LOCAL UK OR JAPANESE EMBASSY IN NOUAKCHOTT, THUS CIRCUMSCRIBING ASSISTANCE THOSE GOVERNMENTS CAN OFFER TO COMPANIES OWNED BY THEIR NATIONALS). IN ADDITION, AMERICAN MISSION IS ANXIOUS TO REPLACE ITS LANDROVERS, AS THEY WEAR OUT, WITH AMERICAN PRODUCT AS LONG AS MAINTENANCE AND SPARE PARTS ARE AVAILABLE LOCALLY.

7. PLEASE ADVISE RESULTS OF DISCUSSION WITH AMC/JEEP REP.HANDYSIDE

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